

State Department Federal Credit Union

Topics of Interest

What Should I Do - Buy Or Rent?

If the thought of owning a home is appealing, you're not alone. Low interest rates are making the leap into home ownership attractive and possible for more consumers than ever before.

But, owning isn't for everyone. Some people would rather leave the yard work to the landlord, and like being mobile or close to vital downtown areas where work and play are a short walk away.

Which option is best for you?

Home Buying:

- You can deduct the interest and local property tax portions of each mortgage payment from your federal taxes. Please see your tax advisor for more information.
- With each payment, you build equity, and increase your net worth. As your house appreciates in value through improvements you've made or changes in the market, your equity grows in stride.

Home Renting:

- Lower monthly payments will help you put money away for a down payment and closing costs, which typically run between 2% and 7% of the house purchase price.
- If you know your family is going to grow, it may be better to continue renting until you save enough for a house you won't outgrow before you recoup your expenses which typically takes five to seven years.
- Renting may be your best bet if your job may require you to move in a couple years.

As you weigh renting vs. buying and face what may be the biggest financial decision of your life, give equal consideration to your personal preferences as well as the dollars and cents.